

# DEPARTMENT OF AGRICULTURE

## 2011 Biennium Budget Presentation

### Agricultural Development Division

January 29, 2009

EXHIBIT 4  
DATE 1/29/09  
HB

## Division Contacts

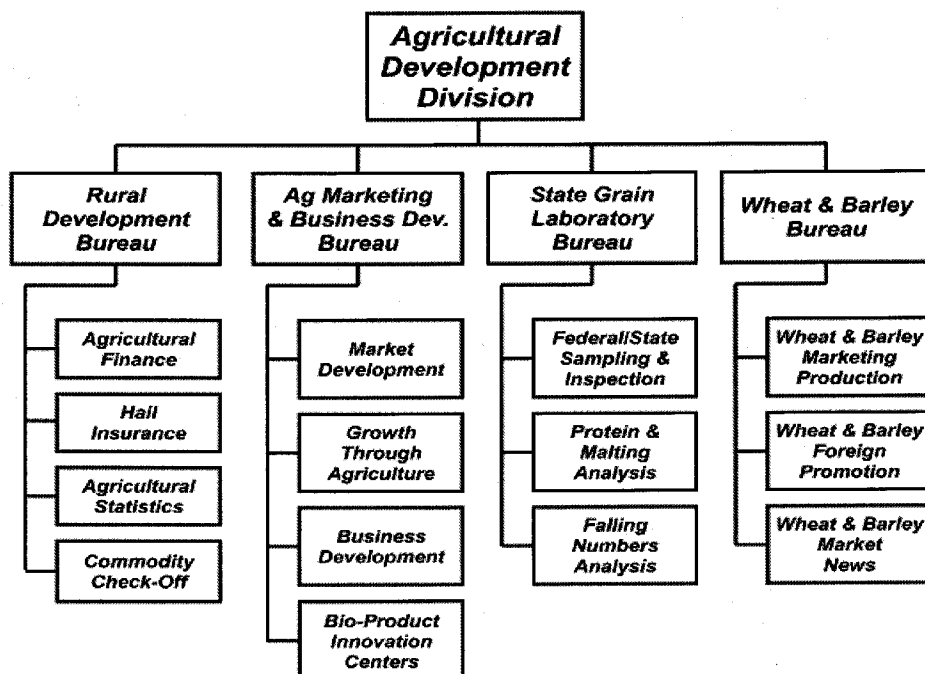
The director, administrator, chief financial officer and bureau chiefs for the division and their contact information are:

<u>Title</u>	<u>Name</u>	<u>Phone Number</u>	<u>E-mail address</u>
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Bureau Chief	Lee Boyer	444-3571	<a href="mailto:lboyer@mt.gov">lboyer@mt.gov</a>
Bureau Chief	Kim Falcon	761-7732	<a href="mailto:kfalcon@mt.gov">kfalcon@mt.gov</a>
Bureau Chief	Perri Walborn	444-5423	<a href="mailto:pwalborn@mt.gov">pwalborn@mt.gov</a>

## What the Division Does

The Agricultural Development Division (ADD) administers ten programs to promote Montana agriculture through market development and enhancement. The division provides support to the State Grain Laboratory, which provides quality grading services to protect producers and consumers alike.

The division provides support to five committees, two boards and one council. Program support is provided to the Alfalfa Seed Committee, the Montana Wheat and Barley Committee, the Montana Potato, Cherry and Pulse Crops Advisory Committees, Agriculture in Montana Schools, the Board of Hail Insurance and the Agriculture Development Council.



## How Services Are Provided

The division is organized into four bureaus with the following functions:

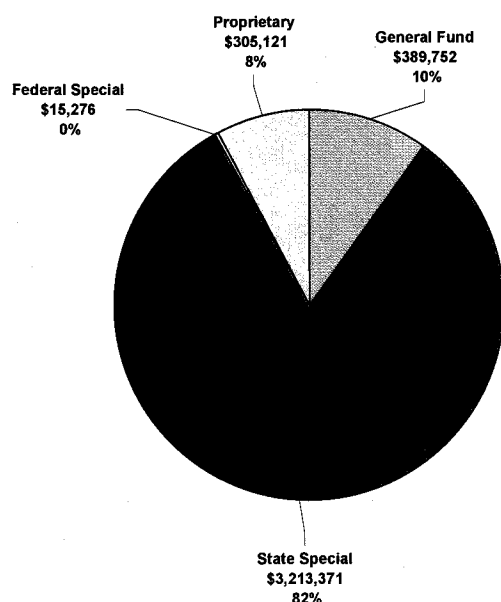
- 1) Rural Development Bureau – serves Montana through the Agriculture Finance Program, the State Hail Insurance Program, Agricultural Statistics Service (a state/federal cooperative agreement to collect and publish agricultural statistics and projections) and commodity research and development programs authorized by the Commodity Check-Off Enabling Act. (10.05 FTE)
- 2) Agriculture Marketing and Business Development Bureau – is responsible for business development and market enhancement through market development activities, grants, loans, marketing and product development. Marketing and agri-business development personnel work closely with individuals and organizations to promote and enhance our agriculture industry. (4.67 FTE)
- 3) State Grain Laboratory Bureau – located in Great Falls, operates the only official USDA Federal Grain Inspection Service grain grading and inspection laboratory in Montana. The lab provides unbiased grain inspection, grading, analytical services, and oil seed analysis to the state's agriculture industry and is an avenue for first line detection of foreign substances in the Montana grain supply, insuring the health and safety of the citizens of Montana. (19.65 FTE)
- 4) Wheat and Barley Bureau – located in Great Falls, is responsible for marketing, promoting and encouraging scientific and practical research in all phases of wheat and barley culture and production policies developed by the Wheat and Barley Committee (WBC). The WBC is appointed by the Governor and administratively attached to the department per 2-15-3002, MCA. (4.00 FTE)

Total Base FY 2008 FTE = 38.37

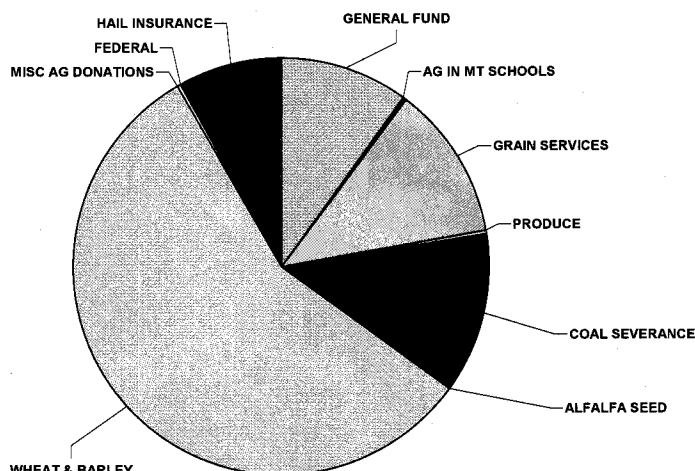
## Spending and Funding Information

On page C-317, the Legislative Fiscal Division (LFD) has prepared a table summarizing HB 2 funding by program within the Agricultural Development Division. These charts illustrate the FY 2008 figures displayed in the LFD table.

ADD FY 2008 EXPENDITURES BY FUND TYPE



#### ADD FY 2008 EXPENDITURES BY PROGRAM



## 2009 Biennium New Program Implementation and Program Expansion

### Certified Natural Beef Marketing Program

The 2007 Legislature passed SB 544 to create a Montana Certified Natural Beef marketing program. Administrative rules for the program were jointly developed with the Department of Livestock and adopted in FY 2008. In October 2008, marketing of the program to producers began. This program provides an opportunity for Montana beef producers to increase the value of their product. By administrative rule, producers apply for annual certification with a fee of \$100.00 and an inspection fee of \$2.00 per head. Upon acceptance to the program, a producer may use the "Montana Certified Natural Beef" or "Montana Certified Natural Grass-Fed Beef" designation. This designation verifies that a producer is following established protocols.

### Bio-Product Innovation Centers (BPICs)

The BPICs provide customized training and technical assistance for new and incumbent employees, owners of existing businesses, entrepreneurs evaluating new business opportunities, and cooperative members pursuing bio-product and related value-added agriculture business opportunities. Delivery of services is accomplished through six local economic development centers that serve 32 counties of eastern and northern Montana. They are funded by the Montana Department of Labor's Workforce Innovation in Regional Economic Development (WIRED) program. The BPICs serve the vital role of quality agricultural business consulting services that are often unavailable in the most rural parts of Montana, a place where there is significant opportunity for agriculture related business development. WIRED funding will expire on January 30, 2010.

## Corrective Action Plans

The division had one financial-compliance legislative audit (07-21) completed in September 2007 for the two fiscal years ended June 30, 2007. No recommendations were issued. A performance audit (07P-10) was also completed in January 2008 for the State Grain Laboratory entitled 'State Grain Laboratory Operations and Future Viability.' Findings and recommendations address SGL financial stability and management controls, and enforcement of statutory provisions. The Legislative audit recommended that the department seek legislation to establish additional or alternative funding sources for the State Grain Lab to maintain its viability, implement comprehensive management controls, and increase enforcement and monitoring to ensure elevator operators are providing producers with written agreements and posted placards. I have copies of the legislative audit and resulting SGL strategic plan available for the subcommittee at your request.

## 2011 Biennium Budget

### Goals and Measurable Objectives

The following figure shows the department base year and budgeted biennium goals and performance measures that are associated with the proposed 2011 biennium HB 2 budget.

<b>Department of Agriculture Agricultural Development Division</b>		
<b>Measurable Objectives for the 2011 Biennium</b>		
<b>Goal</b>	<b>Measurable Objectives</b>	<b>Current Status of Measures</b>
Assist in increasing sales of Montana's agricultural products and the success and profitability of agricultural businesses and operations.	Meet annually with at least 50 Montana companies, organizations and/or individuals to discuss marketing and business development activities and resources.	Since July 1, 2007, the staff of the Agriculture Marketing and Business Development Bureau has met with 172 companies and organizations to assist them in advancing their businesses towards sustainability. The companies supported include small food enterprises such as Becky's Berries, On Thyme Gourmet, Trevinos Tortillas, and Bequet Confections. They may also include food processors such as Cream of the West, Grains of Montana, and Country Classic Dairy. Numerous alternative energy projects have been provided business development, marketing, and site selection assistance as well as other general information requests. We have also been promoting the development of Asian markets via our marketing offices in Japan and Taiwan. The assistance we provide comes in the form of one-on-one consultations by phone and in person, small group workshops, outreach by participating in commodity annual meetings and activities, and written correspondence.
Provide timely, official, objective and accurate test results to buyers and sellers of Montana grain and other commodities under standards set by the USDA Federal Grain Inspection Service (FGIS).	Maintain USDA Federal Grain Inspection Service certification by providing licensed graders, timely services and accurate results.	The Montana State Grain Lab is certified by the USDA Federal Grain Inspection Service (FGIS). This certification is renewed on a triennial basis when the State Grain Lab is reviewed for accuracy, procedures, and all issues necessary to be certified by FGIS. The State Grain Lab always meets and/or exceeds these requirements. A legislative audit was completed in January of 2008 and the Strategic Plan has been implemented which includes training new inspectors prior to the retirement of senior inspectors.
Provide support for Montana Wheat and Barley Committee (WBC) administratively attached to the department per 2-15-3002, MCA.	Coordinate budget and staff to ensure self-assessed producer funds are available to award grants and contracts to market, research, promote and educate.	The 2011 biennium budget includes requests for additional spending authority requested by the WBC for increased travel in international markets including Latin America and the Mid East, expanding research efforts into pest problems, disease problems, weeds and invasive plant species, production methods, varietal improvement, quality improvement, crop rotations, molecular markers, captive rail and drought resistance and increasing educational presentations and materials available to the public.